

Defiance, Inc.



Defiance Precision Products, Inc.

November 26, 2001

Ms. Carmen Suro-Bredie
Chair
Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Defiance Precision Products Inc.'s response to the requests for exclusion of
"ball bearing steel" products from any remedial action, respectively submitted by
Ovako Ajax, Inc. and Ovako AB, and NSK Corporation.

Dear Ms. Suro-Bredie:

Defiance Precision Products Inc. ("DPP") hereby responds to the requests for exclusion of products respectively submitted on November 13, 2001, by Ovako Ajax, Inc. and Ovako AB ("Ovako"), and NSK Corporation ("NSK"), pursuant to Section 203(a) of the Trade Act of 1974, 19 U.S.C. § 2253(a). DPP supports the exclusion of "ball bearing steel" products from these proceedings, as these have been incorrectly grouped, for purposes of analysis, with other steel products. DPP respectfully submits that to classify "ball bearing steel" with other types of steel, is to ignore the significant differences between these products. Furthermore, grade 52100 "ball bearing steel" should be excluded from these proceedings, as there is no domestic production of these products.

DPP is one of the leading producers of specialty bearings and precision-machined components in the United States. Our Company has 200 employees, and primarily serves the automotive, heavy-duty truck and motorsports industries, specializing in products for engine applications. With 90 years of knowledge and expertise, DPP is a major supplier of, among other products, anti-friction bearings. DPP's bearings are specialized, high-end products, made by a skilled team of engineers and employees, which adhere to a rigorous process of product design, testing and quality control that ensures product integrity in the most demanding applications. DPP's products have achieved and maintained ISO 9001 and QS-9000 certifications. To meet these tolerance standards, our Company has developed, among other tools, customized software for bearing analysis, and uses "ball bearing steel" in its manufacturing of bearings that require such fatigue-strength. For these applications, bearings

made of any other steel would not do. To function properly at such high-tolerance levels, the raw material for the production of these products must be “ball bearing steel.”

Our understanding from Ovako’s and NSK’s requests for exclusion is that, for its analysis of the effects of the imports of “certain steel products,” the International Trade Commission grouped “ball bearing steel” with other types of steel, without distinguishing how these differ in chemical composition and commercial purpose. “Ball bearing steel” is used in the manufacturing of friction-reducing ball or roller bearings. To that end, the composition of and production process for “ball bearing steel” have been designed and configured to result in a steel that is “sturdier” than other types of steel. Since bearings are subject to constant friction, these must resist, during their operational life span, the effects of erosion and fatigue. Especially in the context of our products, which are geared to be used in complex applications, such as automotive systems, these bearings must be deemed capable of reliably resisting high levels of stress. Were any other type of steel used as the material for the manufacture of these bearings, the resulting product would have a shorter fatigue life than the application would require, yielding sooner to the effects of operational friction and fatigue.

Thus, “ball bearing steel” is produced for, and sold almost exclusively to, the manufacturers of bearings, such as DPP. Accordingly, the more complex process of production, and consequent higher price, of “ball bearing steel” is justified. Furthermore, as both Ovako and NSK stated in their respective requests for the exclusion from remedy of “ball bearing steel,” for Customs purposes, “ball bearing steel” has traditionally been treated independently from other steel. In order not to confuse “ball bearing steel” with less-resistant steel, the Harmonized Tariff Schedule (“HTS”) specifically defines “ball bearing steel.” Some of the HTS headnotes even refer to “ball bearing steel” products as “suitable for use in the manufacture of ball or roller bearings.”

Exclusion from these proceedings is particularly justified with respect to grade 52100 “ball bearing steel,” which, according to NSK’s request for exclusion, is not produced in the United States. Torrington Company’s letter to the International Trade Commission, dated October 9, 2001, also requested such exclusion, stating that “no United States source exists for these types of specialty steel products.” DPP’s understanding is that these assertions on the lack of domestic production of grade 52100 “ball bearing steel” are correct. Grade 52100 “ball bearing steel” is classified as HTS numbers 7227.90.20.30 and 7228.30.20.00.

We, thus, concur with Ovako’s and NSK’s position, and submit that “ball bearing steel” should be deemed a “like” product, distinct from other types of steel, and should be accordingly excluded from any remedial action that may result from these proceedings.

Very truly yours,

George L. Lacy
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